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NSC BRIEFING

IRAN

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- I. The tension in Iran which was at its highest after the Iraqi coup has eased a bit but the basic causes of dissatisfaction remain.
 - A. Public dissatisfaction is focused on the Shah's dictatorial role, corruption in the government, Court, and Royal Family, and on the lack of free elections, of land reform, and of economic projects which immediately benefit the lower classes.
 - B. The Shah, aware of the dissatisfaction, is taking some actions to reduce the pressures.
 1. The Shah recently promoted more than three times as many army officers as last year (1,700). The promotions were distributed among all ranks though most were in the ranks of colonel and below (1,535). The largest single group promoted were second lieutenants.
 - a. In spite of this, there are reports that the junior officers, who had been dissatisfied with the corrupt promotions system, are still discontent. They had also been disgruntled over what they believed to be a top heavy army whose officers were inefficient and lacked proper training.

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2. The Shah has initiated open press conferences, and has held two apparently without any later editing of the transcripts. The Shah says he welcomes "Hanser talk",

but the fear of possible direct interpretation of the
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press law and of reprisals over inappropriate questions

probably acts as indirect censorship. The Shah is further
considering "fireside chats" through radio, television and
movies.

3. The Shah is also considering having the Majlis pass laws
regulating business interests of government officials,
and members of the court and royal family.
4. Another innovation may be the establishment of a "complaints
bureau" under the Shah's immediate supervision. In the
past complaints have often been referred to the very
officials against whom the complaint was originally made.
5. The Shah is still avoiding acceleration of land reform.
He seems to be postponing steps which directly challenge
large landowners, since this would in effect be under-
mining one of the major pillars of his own power.

II. In spite of the actions by the Shah to reduce tension conspiracies
against him continue.

A. In addition to the plotting among military officers, politicians
are also conspiring.

1. We have recently received a report that Dr. Naqai, leader
of the relatively small Telleran³ Party and a former
supporter of nationalist leader ex-Premier Mossadeq, is
involved in a plot, to force the Shah into a more limited
role.

2. Naqai is selecting a government, and claims he would
immediately release from prison General Veliollah Sharvet
the popular former G-2 who was arrested in March for

~~SECRET~~

~~similar plotting.~~ There is also a recent report that says:
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~~discontented military officers both active and retired~~
~~are now joining Baqai.~~